

Power Finance Corporation Ltd.  
A Navratna PSU

## Performance Highlights

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Quarter ended 31<sup>st</sup> December 2019



Funding for a  
Brighter Tomorrow



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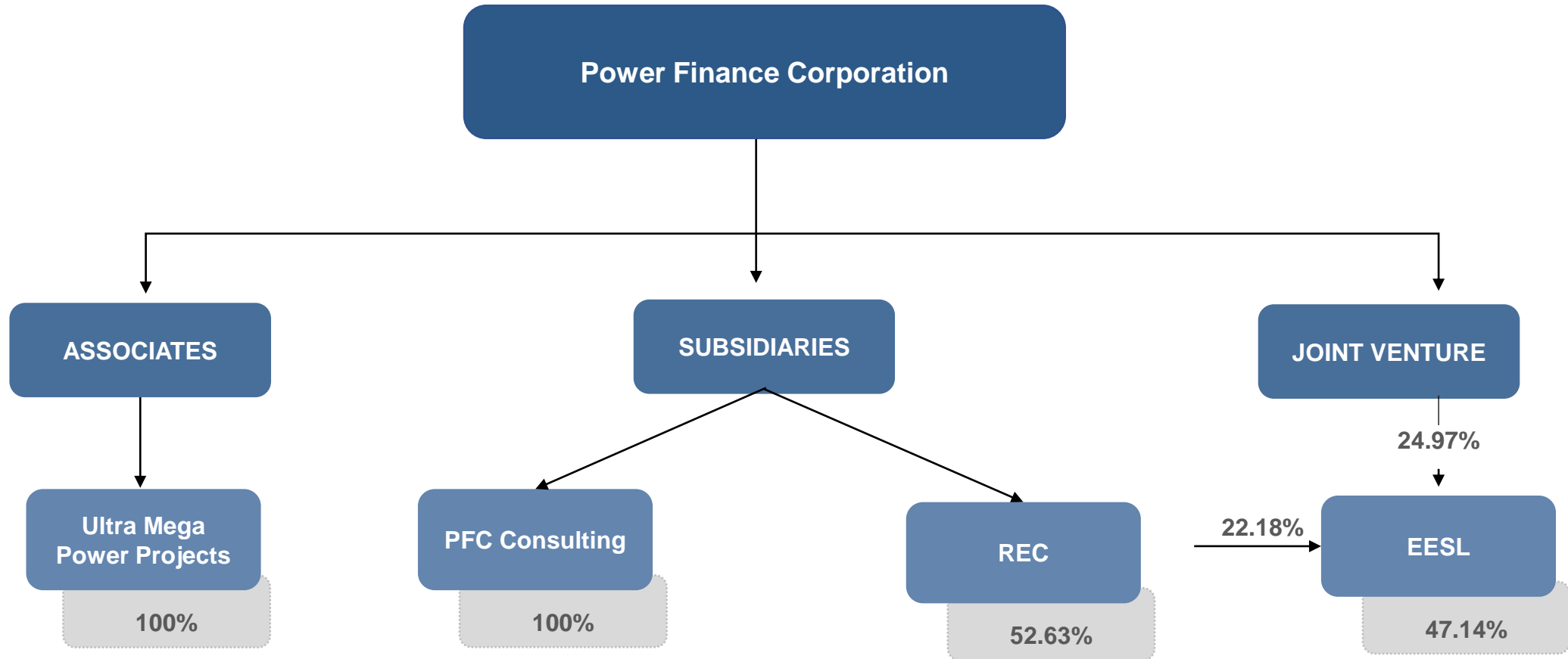
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## A. Consolidated Performance

# 1 PFC at a Glance

# PFC Group Structure

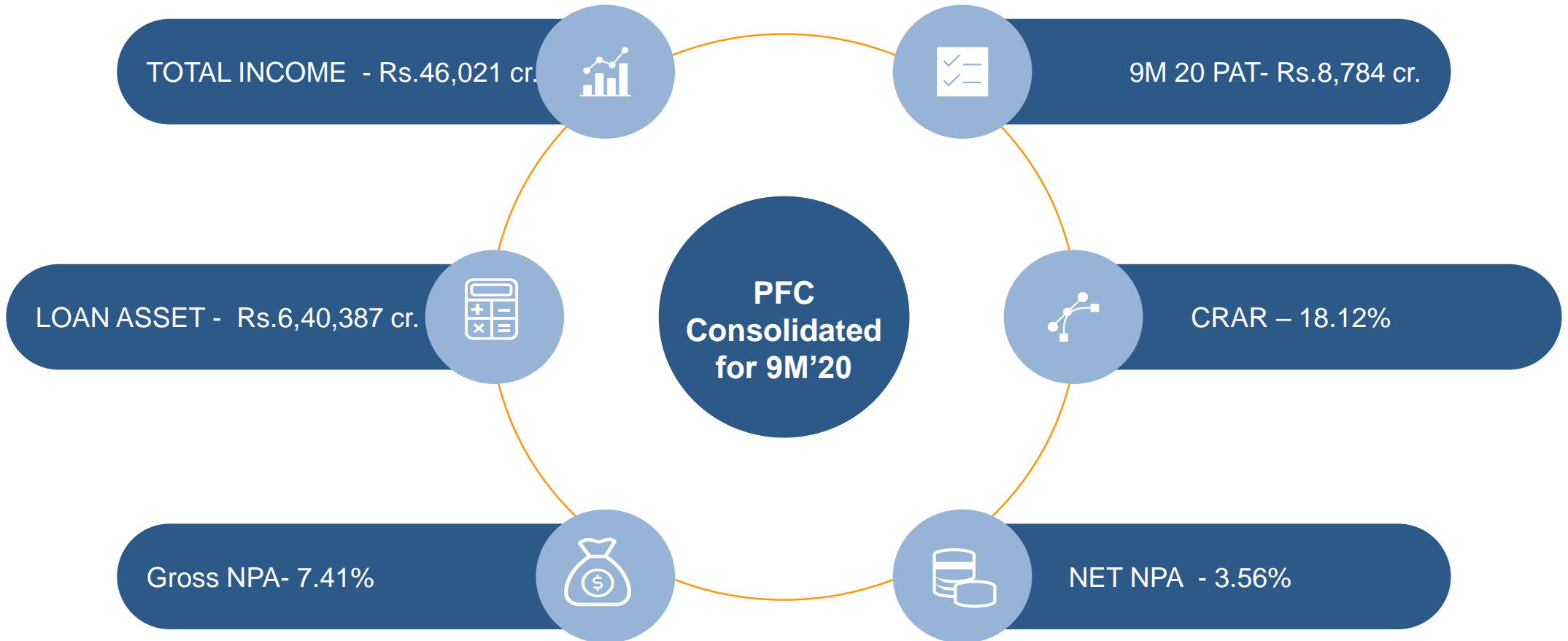


1. EESL – Energy Efficiency Service Ltd.

2. 47.15% stake in EESL is consolidated stake of PFC (24.97%) & REC (22.18%)

## 2 Earning Update

# Key Consolidated Financials



*Note: Dividend of Rs.1,143 cr. approx. from REC Ltd. to PFC will be reflected in next quarter i.e. Q4'20. .*

# Key Consolidated Financials



(Rs.'crore)

	Q3 FY 20	Q2 FY 20	Q3 FY 19	9M FY 20	9M FY 19
Interest Income	15,679	15,397	13,884	45,586	39,245
Interest Expense	10,262	10,153	8,871	30,352	25,481
Net Interest Income	5,417	5,244	5,013	15,234	13,764
Profit After Tax	3,387	2,497	3,876	8,784	9,249
Total Comprehensive Income	3,522	2,269	4,011	8,689	9,116

(Y/E- March)

*Some figures may have been regrouped / reclassified for analysis purpose. Therefore, they may not reconcile with the reported figures.*

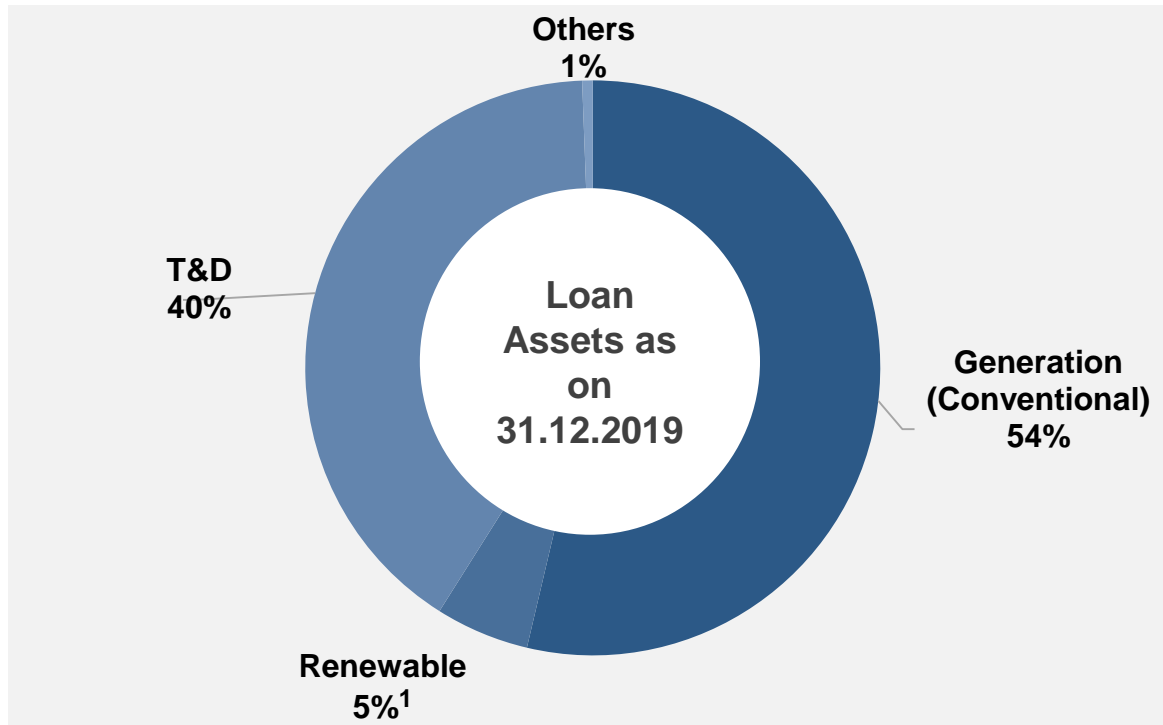


## 3 Operational Performance

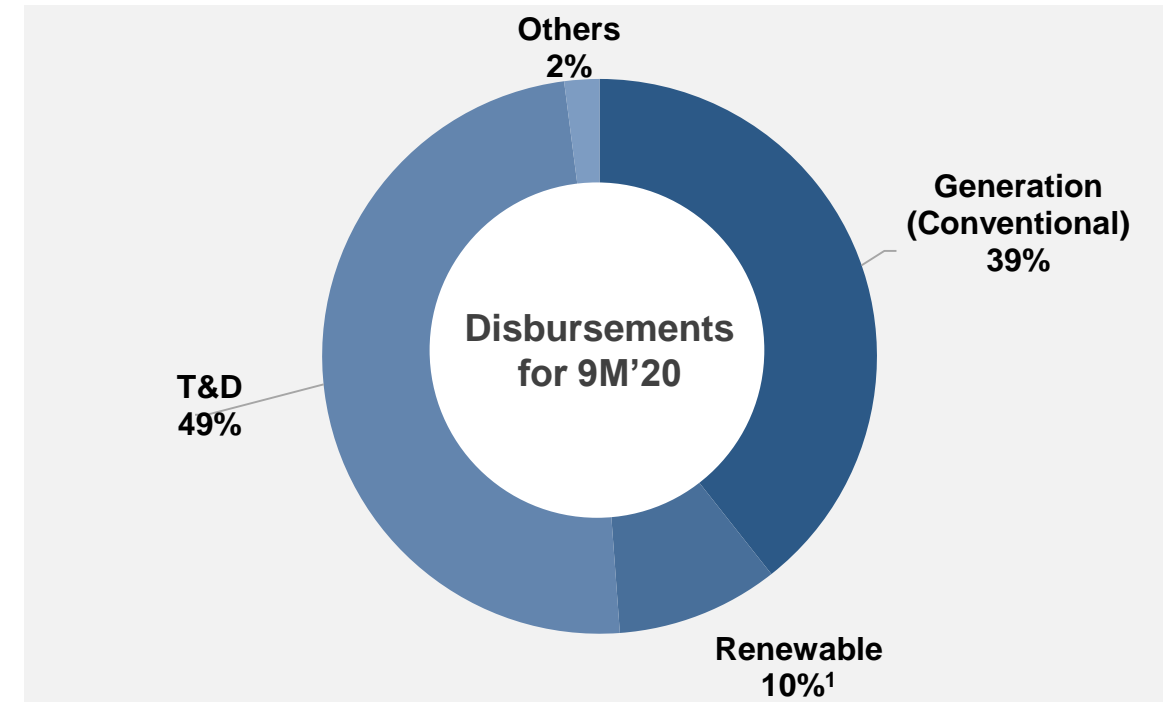
# Operational Performance – 9M'20



Loan Asset Book of Rs.6,40,387 cr.



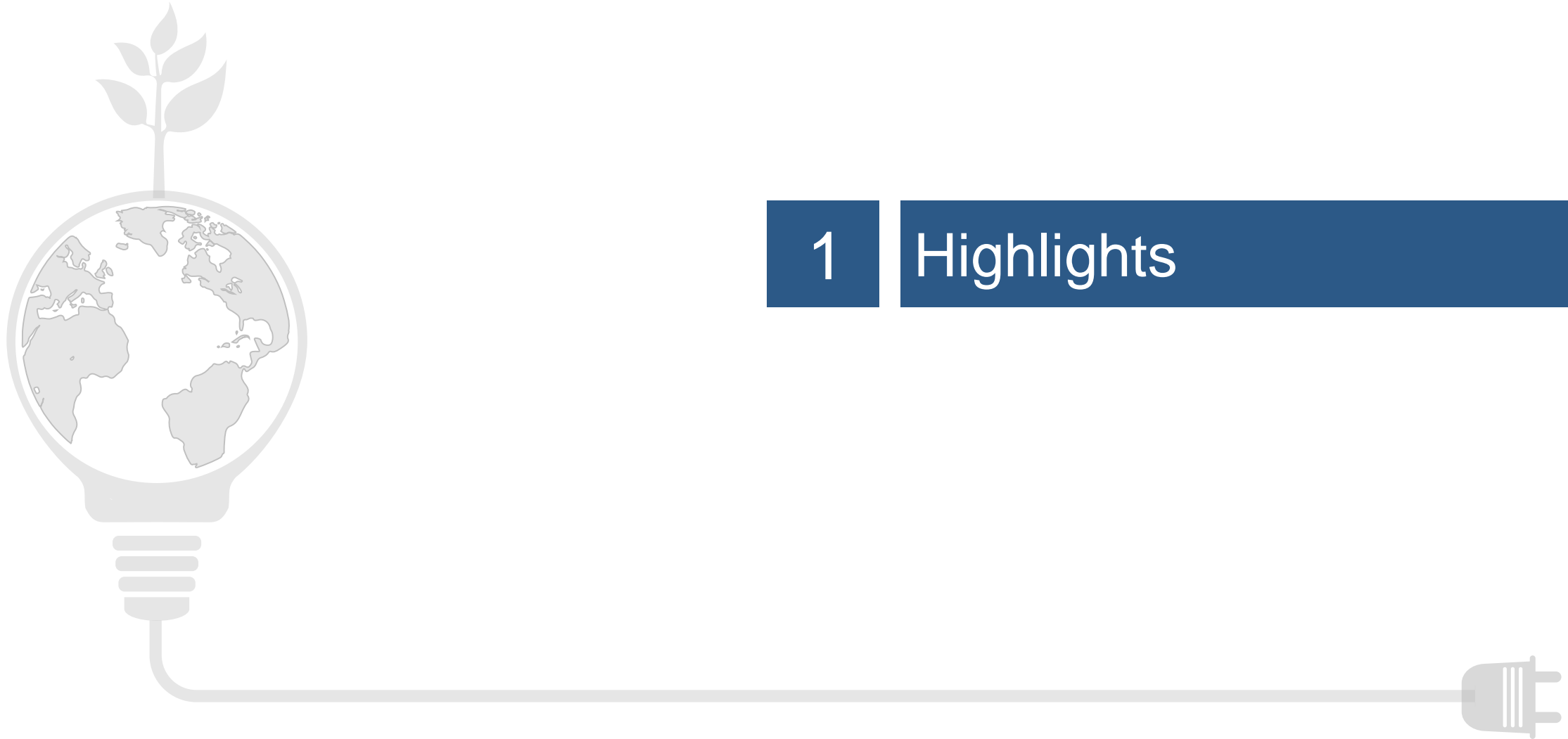
Rs.1,00,708 cr. Disbursement for 9M'20



***PFC Group is the largest financial company in power sector***

<sup>1</sup>For comparative purpose large hydro projects i.e.>25MW have not been included in the consolidated renewable figures.

## B. Stand Alone Performance



# 1 Highlights



**Q3 Net Profit at Rs.1,680 cr.**

**45% Jump from Q2'20**

**19.32% CRAR with Tier I at 14.37%**

**CRAR at pre-acquisition level**

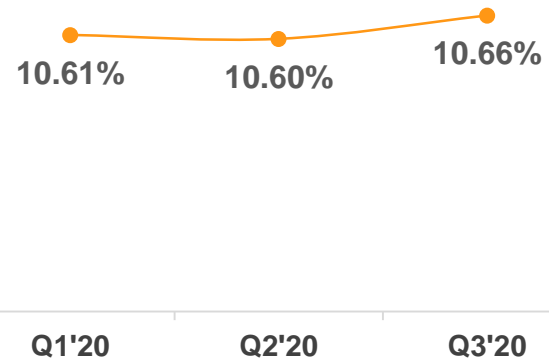
**OTS against PFC Loan of Rs1,720 cr.**

**Rattan India Amravati Resolved**

# Stable Financial Indicators for Q3'20



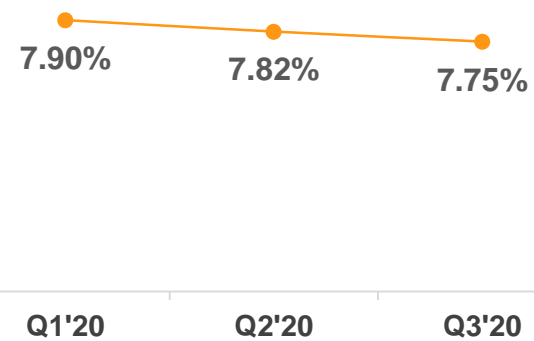
Yield at 10.66%



*Maintaining a Stable Yield on Earning Assets Quarter on Quarter*



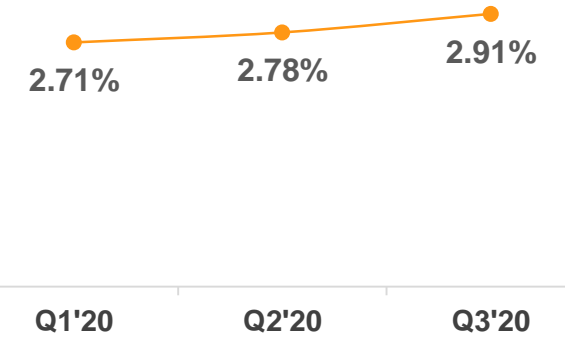
Cost at 7.75%%



*Well managed cost of funds – Reducing trend Quarter on Quarter*

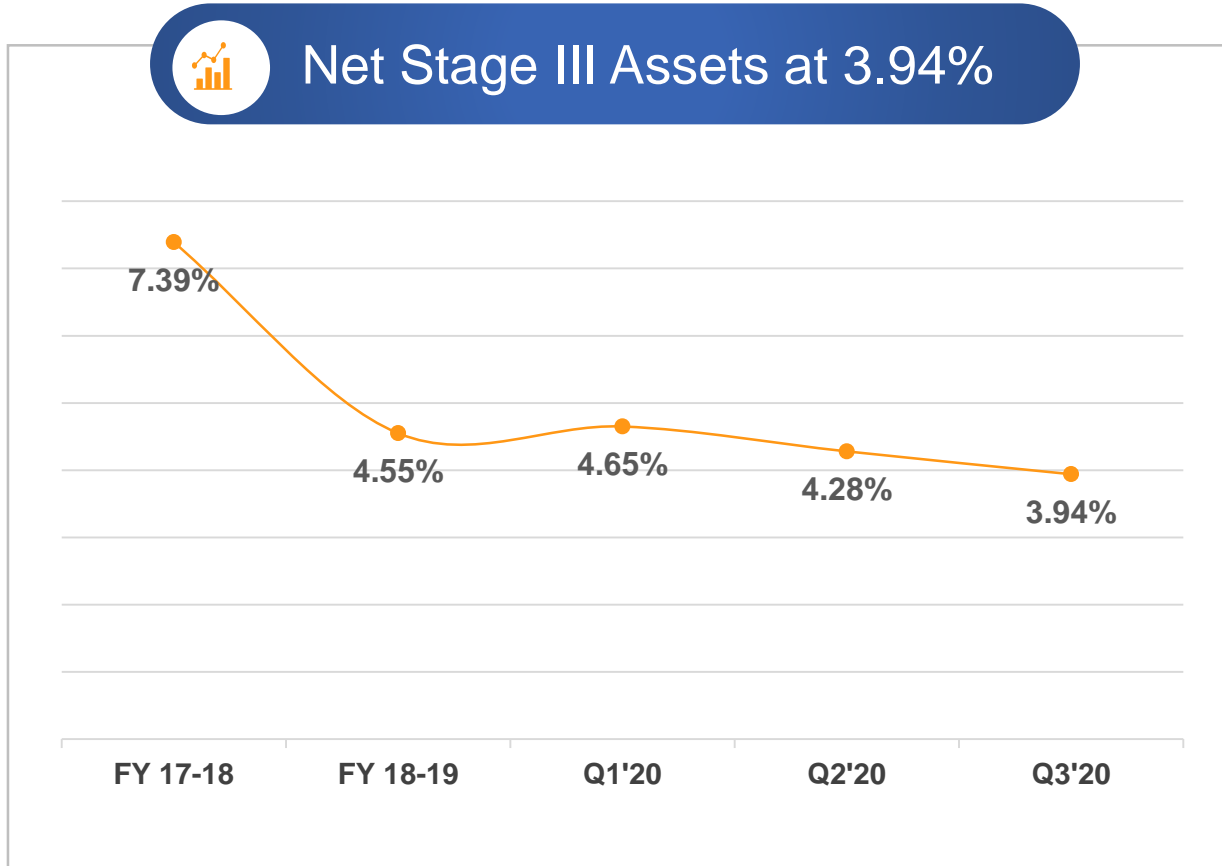


Spread at 2.91%

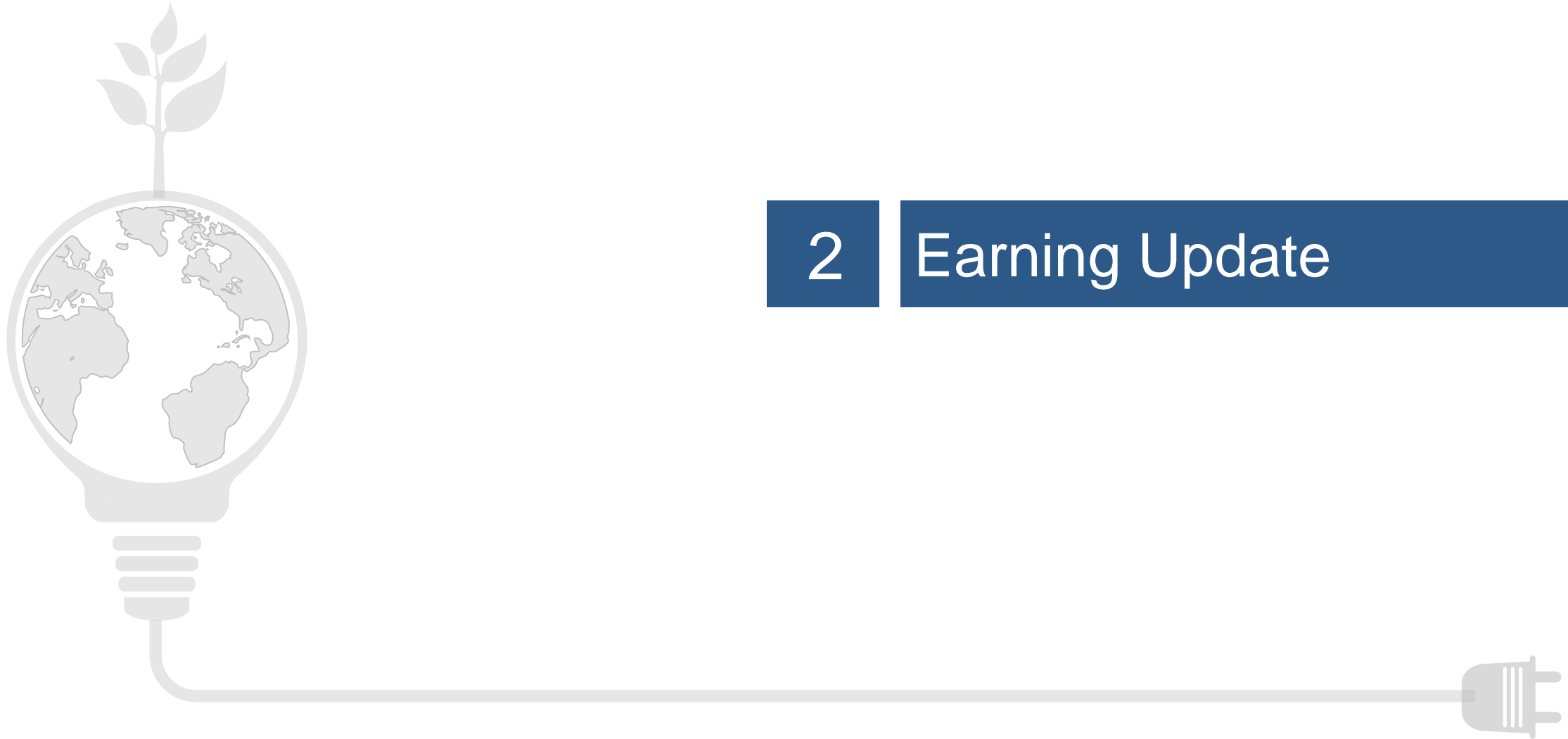


*Improving spread in a challenging operating environment*

# Resolution Efforts Yielding Results



- > **Net Stage III Assets lowest in last 2 years**
- > **Gross Stage III Assets at 8.34% from 9.47% in 9M'19**
- > **Rs.2,650 cr. of stressed assets resolved in last 9 months**



## 2 Earning Update



# Revenue & Growth



(Rs.'crore)

	Q3 FY 20	Q2 FY 20	Q3 FY 19	9M FY 20	9M FY 19
Interest Income	8,149	8,004	7,262	23,697	20,813
Interest Expense	5,530	5,510	4,815	16,390	14,188
Net Interest Income	2,619	2,494	2,447	7,307	6,625
Profit After Tax <sup>1&amp;2</sup>	1,680	1,157	2,084	4,220	4,835
Cumulative Provisions (Stage I+II+III)	15,455	16,275	16,880	15,455	16,880
Reserve for Bad & Doubtful debts	2,466	3,093	3,630	2,466	3,630

(Y/E- March)

*1.PFC has exercised the option under section 115BAA of the Income Tax Act, 1961 to pay corporate tax at a reduced rate. Consequently, Deferred Tax Asset has been re-measured at reduced rates and accordingly, the excess DTA has been reversed. Therefore, the PAT for Q3'20 & 9M'20 is suppressed due to such re-measurement of deferred tax asset at the reduced tax rates. 2.Further, the impact of Rs.14,500 cr. acquisition price paid for REC acquisition will be made up in profits for next quarter through the dividend of Rs.1,143 approx. from REC to PFC.*

*Some figures may have been regrouped / reclassified for analysis purposes. Therefore, they may not reconcile with the reported figures. Further, the reported figures for Q3 19/9M'19 have been restated to make them comparable pursuant to amalgamation of PFC GEL from 01.04.2017.*

# Key Ratios

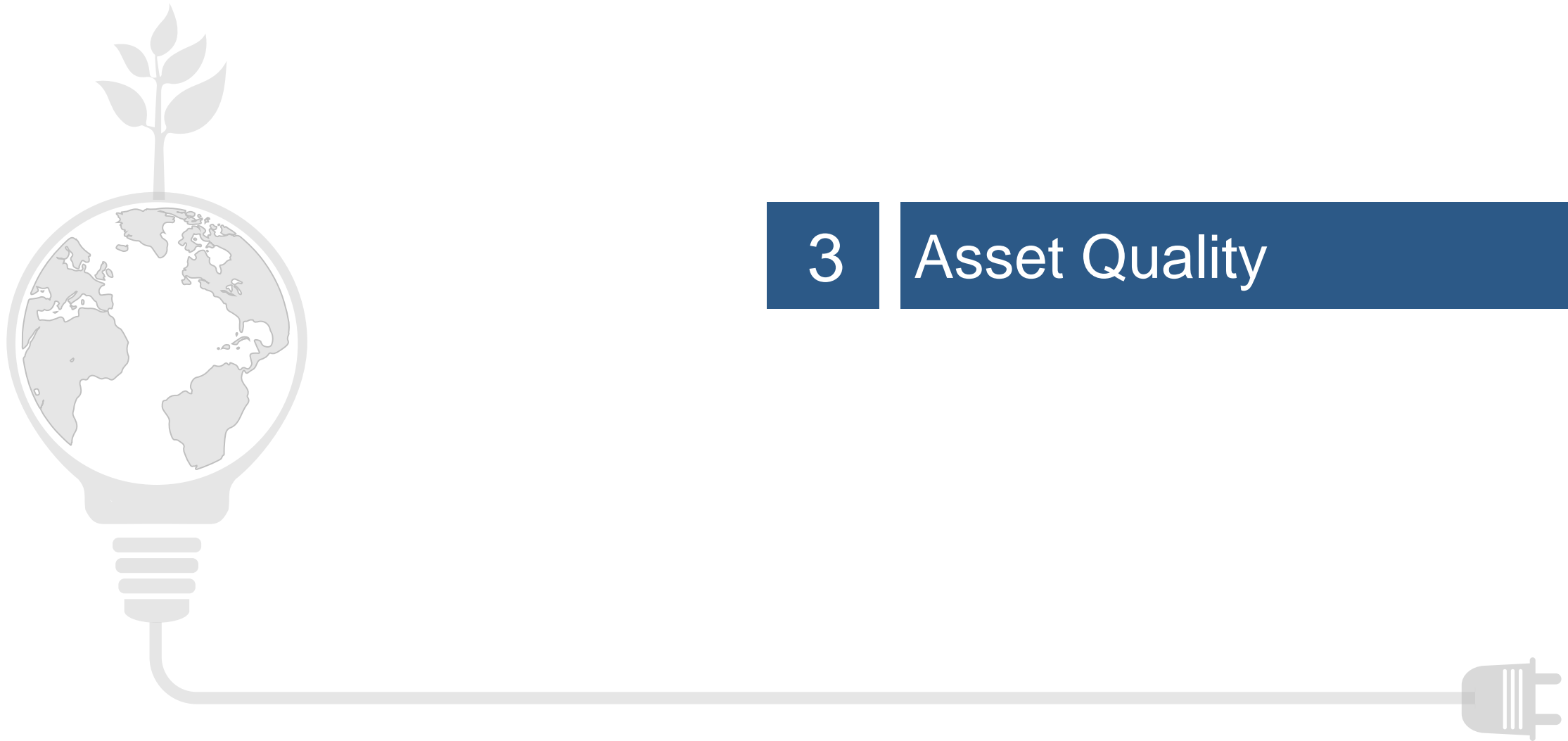


(Ratios in %)

	Q3 FY 20	Q2 FY 20	Q3 FY 19	9M FY 20	9M FY 19
Yield on Earning Assets	10.66	10.60	10.65	10.61	10.58
Cost of Funds	7.75	7.82	7.97	7.82	8.04
Interest Spread on Earning Assets	2.91	2.78	2.68	2.79	2.54
Net Interest Margin on Earning Assets	3.28	3.13	3.42	3.14	3.32
Net worth (Share Capital + All Reserves)	Rs.47,227 cr.	Rs.45,445 cr.	Rs.41,078 cr.	Rs.47,227 cr.	Rs.41,078 cr.

(Y/E- March)

*Ratios are annualised & are based on daily average & excluding exchange/loss gain and rounded off. Further, the reported figures for Q3'19/9M'19 have been restated to make them comparable pursuant to amalgamation of PFC GEL from 01.04.2017.*



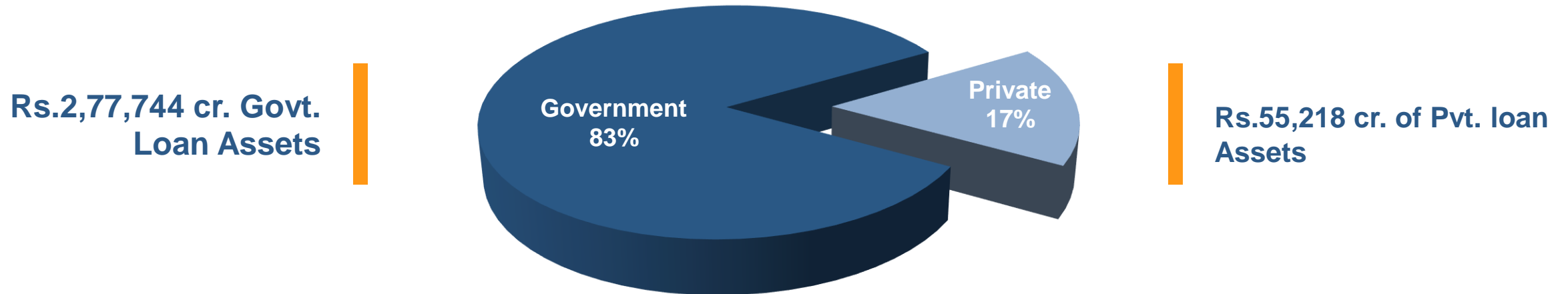
## 3

## Asset Quality

# Asset Quality Snapshot



**Loan Book of Rs.3,32,962 cr. as on 31.12.2019**



***92% of Loan Assets are regular in servicing & no stress is envisaged***

# Provisioning Snapshot



## Provisioning Status as on 31.12.2019

(Rs.'crore)

	Stage I & II	Stage III	Stage III (NPA) as % of Gross Loan Assets	Total	
<b>Outstanding Loan Assets</b>					
- Government Sector	2,77,744	-	Nil	<b>2,77,744</b>	
- Private Sector	27,453	27,765	8.34%	<b>55,218</b>	
<b>Total Outstanding Amount</b>	<b>3,05,197</b>	<b>27,765</b>	<b>8.34%</b>	<b>3,32,962</b>	
<b>Total Amount</b>	<b>Provisioning</b>	801	14,654	-	<b>15,455</b>
<b>Net Assets</b>	<b>3,04,396</b>	<b>13,111</b>	<b>3.94%</b>	<b>3,17,507</b>	

**53% provisioning against Stage III Assets (NPA) of Pvt. sector**

Note - Provision has been made in respect of all loans assets as per Expected Credit Loss (ECL) methodology under Ind As.

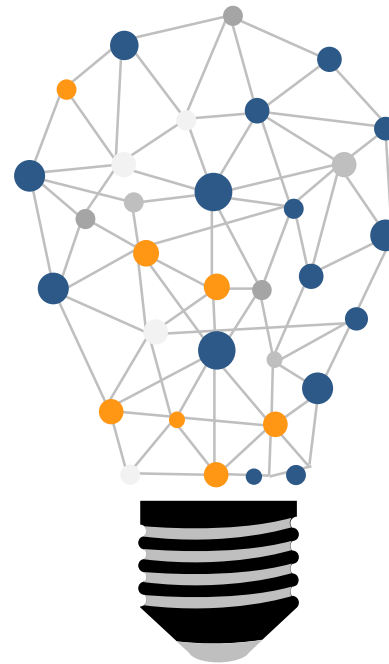
# Resolution Status – Stage III Assets (1/2)

## Resolution status of Rs.27,765 cr. of loan assets in Stage 3

### NCLT Resolution

Rs.14,704 cr. in  
NCLT

15 projects  
64% provision



### Outside NCLT Resolution

Rs.13,061 cr. resolution being  
pursued outside NCLT

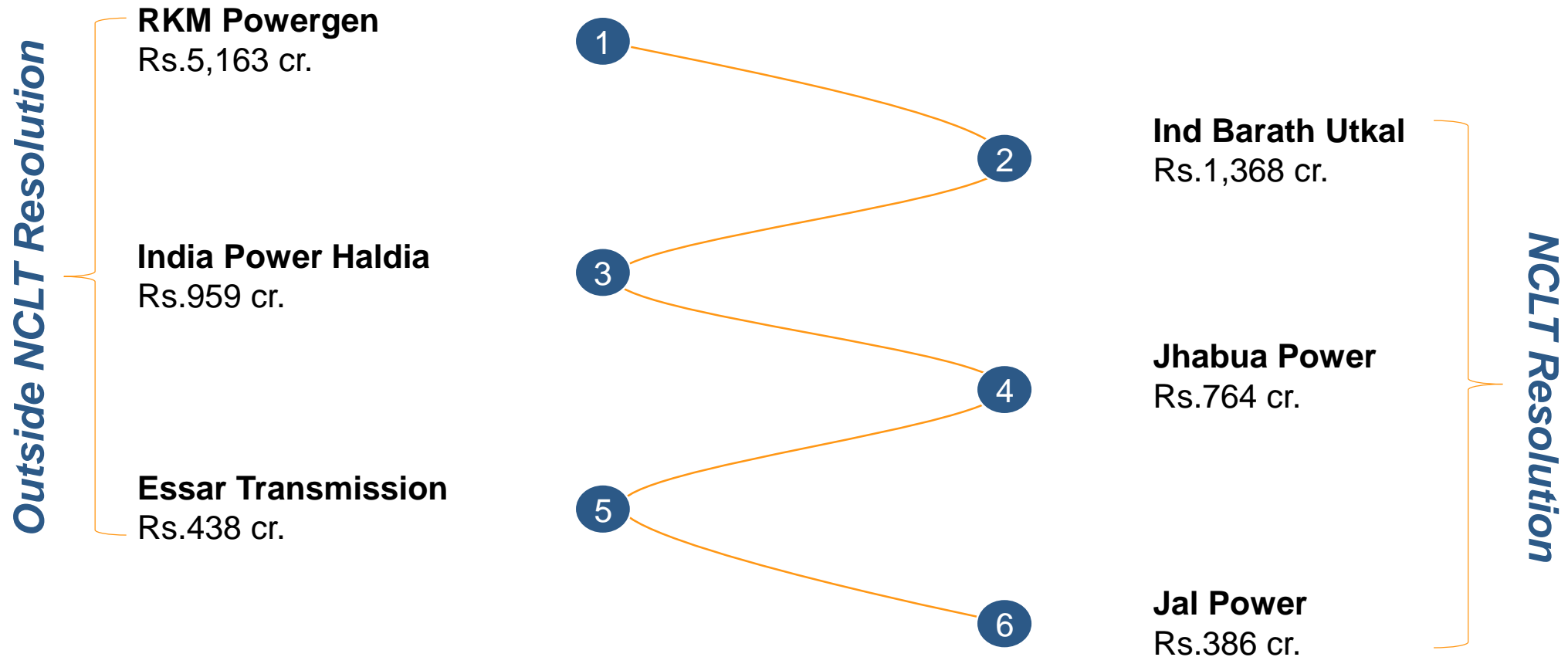
14 projects  
41% provision

**71% provision/reserve\* available against Stage III Assets**

# Resolution Status – Stage III Assets (2/2)



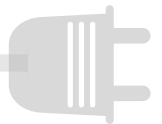
6 projects of Rs. 9,078 cr. with 47% provisioning nearer to resolution





## 4

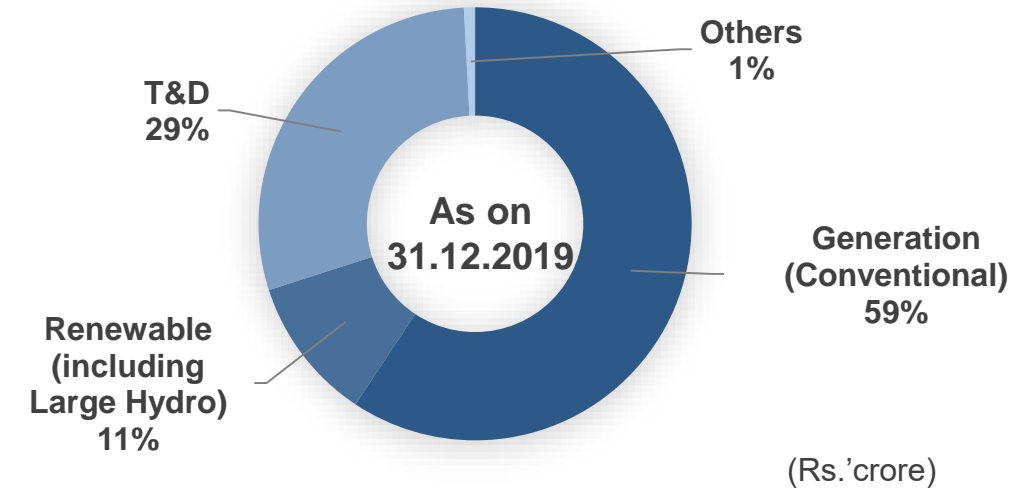
## Operational Performance





# Loan Asset – Composition –

Increasing thrust towards T&D & renewable business



	As on 31.12.2019	As on 31.12.2018
<b>Gross Loan Assets</b>	<b>3,32,962</b>	<b>2,98,580</b>
<b>Scheme Wise</b>		
Generation	2,33,245	2,15,432
- Conventional Generation	1,97,488	1,87,993
- Renewable Energy - Large Hydro Projects (>25 MW)	17,480	13,447
- Renewable Energy Other than Large Hydro Projects	18,277	13,992
Transmission	27,555	24,118
Distribution	69,410	55,903
Others	2,753	3,127
<b>Sector Wise</b>		
Government Sector	2,77,744	2,46,600
Private Sector	55,218	51,979

# Disbursements - Composition



(Rs.'crore)

	Q3 FY 20		Q3 FY 19		9M FY 20		9M FY 19	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
<b>Disbursements</b>	<b>18,413</b>	<b>100%</b>	<b>14,648</b>	<b>100%</b>	<b>47,246</b>	<b>100%</b>	<b>45,134</b>	<b>100%</b>
<b><u>Scheme Wise</u></b>								
Generation	11,936	65%	7,909	54%	27,132	57%	18,556	41%
Transmission	1,610	9%	1,588	11%	4,185	9%	4,389	10%
Distribution	4,811	26%	4,944	34%	15,621	33%	21,605	48%
Others	56	0.3%	207	1.4%	307	1%	584	1%
<b><u>Sector Wise</u></b>								
Government Sector	16,882	92%	13,841	94%	40,920	87%	42,282	94%
Private Sector	1,531	8%	807	6%	6,326	13%	2,852	6%

# Borrowing Highlights



**Rs. 63,790 cr. raised in 9M'20**

75% domestic raising & 25%  
foreign raising

**USD 250 mn raised**

Raised in Q'3 for a 5 year  
tenure

**3 time Jump**

in 54 EC Bond raising  
from 9M'19

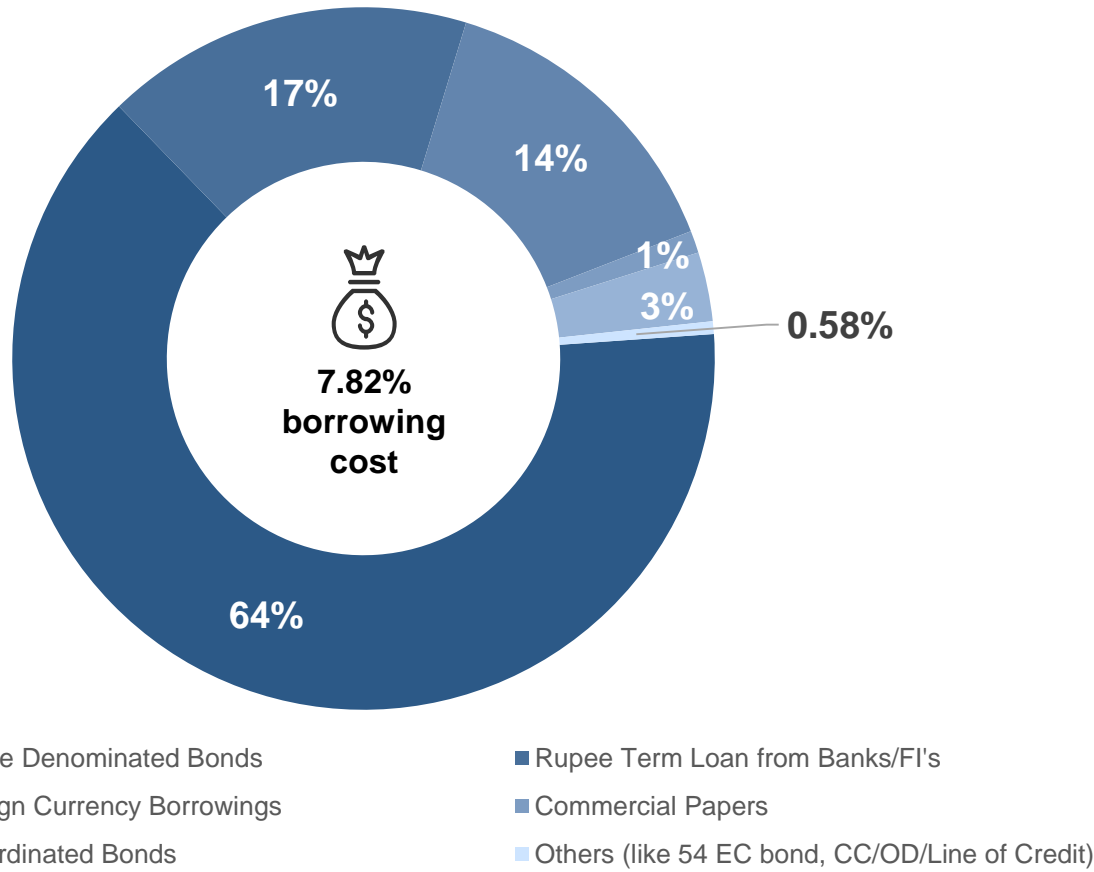
**22bps reductions in cost**

Cost of funds at 7.82% against  
8.04% in 9M'19

# Well Managed Liability Profile



**Rs. 2,89,264 of outstanding borrowings as on 31.12.2019**



## Diversification of funding profile

86% from domestic sources & 14% from foreign currency sources



**CP at just 1% of total liability mix**  
as against 5% in Q1'20



## 67% exchange risk hedging

for FCL with residual maturity upto 5 years. 41% exchange risk hedged for total FCL portfolio



# Liability Mix as on 31.12.2019

## Diversified Liability Mix

Rs.2,89,264 cr.  
Outstanding  
Borrowings as  
on 31.12.2019

**Domestic Bonds**  
Rs.1,84,712 cr.

**RTL from Banks/FI's**  
Rs. 49,101 cr.

**Foreign Currency Borrowing**  
Rs.41,591 cr.

**Commercial Papers**  
Rs.2,961 cr.

**Subordinated Bonds**  
Rs.9,212 cr.

**54EC Bonds**  
Rs. 1,588 cr.


**Others (CC/OD/line of credit)**  
Rs. 100 cr.

# PFC's access to low cost funds



**54EC Resource  
Mobilization  
jumps by more  
than 3 times  
from 9M'19**

## 54EC Salient Features

Eligible Investors  Individuals, HUF, NRI, FIs, LLP, Partnership, Banks, Mutual Funds, Insurance Co., PF funds

Tenor  5 years from deemed allotment date

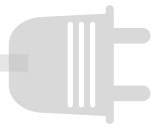
Coupon Rate  5.75% per annum.

### Benefit to Investor

Long Term Capital Gain on transfer of Capital Asset exempt upto 50L on investment in PFC's 54EC bonds



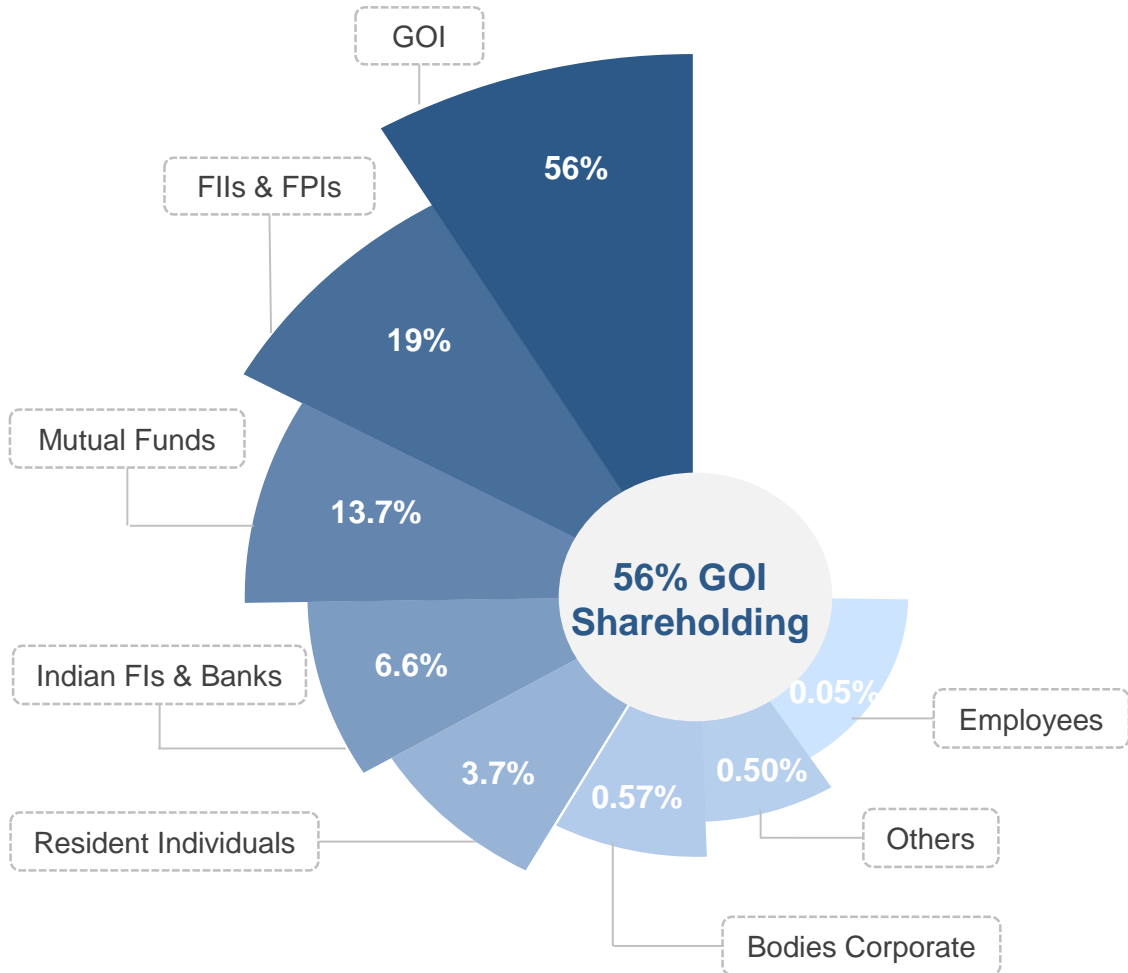
## 5 Shareholder Outlook



# Shareholders Outlook



## Equity market valuation ratios indicate potential for upside



**EPS** Rs. 21.31  
(Annualised)

**Book Value Per Share** Rs. 179

**Price to Earning Ratio** 5.5

**Price to Book Value Ratio** 0.66



*Above ratios are for 9M 20 & are based on the last available closing share price from BSE as on the end of reporting period*



# Thanks!

## Any questions?

You can reach PFC's Investor Relations Team at  
[investorrelations@pfcindia.com](mailto:investorrelations@pfcindia.com)

Join us:    @pfclindia  [www.pfcindia.com](http://www.pfcindia.com)

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